

OFFICE OF FOREIGN ASSETS CONTROL
IRANIAN TRANSACTIONS REGULATIONS
(31 C.F.R. PART 560)

GUIDANCE ON INFORMATIONAL MATERIALS

SUMMARY

- Except as otherwise authorized by general or specific license, the Iranian Transactions Regulations, 31 C.F.R. Part 560 (the "ITR"), prohibit the exportation, directly or indirectly, from the United States or by a United States person, wherever located, of any goods, technology, or services to Iran or the Government of Iran.
- The importation from any country and the exportation to any country of information and informational materials are exempt from the ITR. ITR § 560.210(c) defines the term information and informational materials to include publications, films, posters, phonographs, microfilms, microfiche, tapes, compact disks, CD ROMS, artworks, and wire feeds.

FACTUAL CONTENT

This guidance was developed in response to several inquiries received by the Office of Foreign Assets Control ("OFAC"), on the applicability of the ITR to the provision of access to certain electronic databases in connection with the export of informational materials to Iran. Specifically, OFAC received requests for guidance as to whether, in the absence of a license from OFAC, the ITR prohibit:

1. The provision of access to electronic databases that incorporate a search function to persons in Iran by a publisher of indexes to publicly available journal articles in a variety of academic fields. The indexes provide citations as well as brief summaries of journal articles and other publicly available research material. The database provides subscribers with

online Internet access to the material available in the publisher's print indexes, as well as to publicly available indexes published by third parties. In connection with the exportation of the information included within the online database to Iran, the publisher enables its users to perform searches of its database, involving the submission by subscribers of searching terms to the database for identification of the most relevant articles in the database.

2. The shipment of standard release films in video tape format by a U.S. person to the U.S. person's agent in a third country for onward distribution in Iran. Acting on the instructions of an Iranian distributor, the third country agent would make cuts to the films to conform with Iranian requirements pertaining to offensive language, graphic scenes of violence, nudity and sexually explicit material. Master videos of each film edited in such manner would be shipped by the third country agent to Iran, where the Iranian distributor would dub them in Farsi and duplicate them for distribution in Iran. Under the arrangement the third country agent would be entitled to keep a percentage of all royalties collected.

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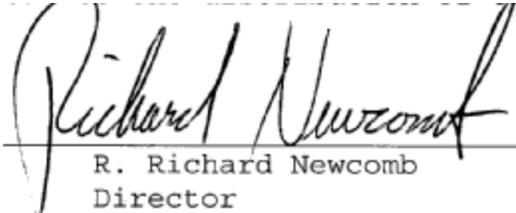
The ITR information and informational materials exemption does not encompass transactions related to materials not fully created and in existence at the date of the transactions, any substantive or artistic alteration or enhancement of informational materials, or the provision of marketing and business consulting services.

With regard to a U.S. person's provision of access to a database, the inclusion of an electric search function that does no more than search and sort the exempt information in the database is also exempt from the prohibitions of the ITR. This guidance is limited to enabling access in Iran to the database itself. This guidance does not address any additional product that may be offered in connection with the use of the database; nor does it apply to technical support, customer support, or any other services that might be provided.

With regard to transactions in connection with a U.S. person's exportation of films to Iran, the U.S. person may

enter into contractual arrangements to engage a third country agent to export pre-existing films to Iran, as well as advertising materials related to the films on behalf of the U.S. person. The U.S. person may also be authorized on a case-by-case basis to engage in transactions with the agent for the provision of services necessary to conform the films to Iranian standards, provided that such services only involve edits of a minor nature in order to conform with local standards, such as cutting or excising existing material.

The participation by a U.S. person in a transaction involving the dubbing or subtitling of films in Iran or at the direction of an Iranian entity is covered by the exemption since such activities are incidental to the distribution of the films in a country in which the language is not that in which the films were made, provided that the dubbing and subtitling entail no substantive or artistic alterations or enhancements. In like manner, the participation by a U.S. person in a transaction involving the duplication of the films by an Iranian entity in Iran is exempt as incidental to the distribution of the material in Iran.

 2/3/03
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